



Virginia Healthcare Workforce Briefs

Indicators from the Bureau of Economic Analysis

Regional Economic Accounts

Series 3: Income & Compensation

Series 3, Issue 45

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Highlights

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The calendar year is the basis for data in this series. See Page 5 for additional information on this series.

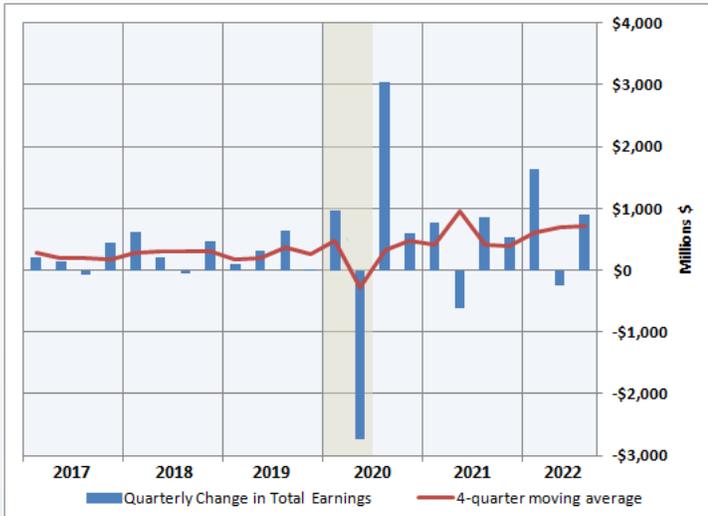
- ◆ In addition to the new income and compensation estimates for Quarter 3 (Q3) 2022 from the Bureau of Economic Analysis (BEA), this report also includes revised estimates from Q1 2022 to Q2 2022.
- ◆ Virginia's Health Care & Social Assistance (HC&SA) sector increased total earnings by \$894 million to \$38.0 billion in Q3 2022, a gain that translates into a 10.0% annualized growth rate. Total HC&SA earnings in the state have increased by nearly \$2.3 billion so far this year.
- ◆ Total employee compensation in Virginia's HC&SA sector increased by \$845 million to \$35.4 billion in Q3 2022. This quarterly gain translates into a 10.2% annualized growth rate.
- ◆ Virginia's total HC&SA compensation per employee increased by \$248 in Q3 2022. With this increase, the HWDC estimates that employees in Virginia's HC&SA sector earn an average of \$75,978 per year.

Data in Brief

	Income (Millions of Dollars)				Growth Rate, Annualized		
	Q3 2021	Q1 2022	Q2 2022	Q3 2022	Annual	6-Month	Quarterly
Earnings (Personal income less rents, interest, dividends and government payments)							
Virginia	\$384,898	\$398,923	\$403,204	\$409,372	6.4%	5.3%	6.3%
National	\$14,466,199	\$15,067,610	\$15,246,279	\$15,489,424	7.1%	5.7%	6.5%
Health Care & Social Assistance Earnings							
Virginia	\$35,176	\$37,345	\$37,106	\$38,000	8.0%	3.5%	10.0%
National	\$1,605,823	\$1,648,687	\$1,676,342	\$1,710,620	6.5%	7.7%	8.4%
Health Care & Social Assistance Employee Compensation (Earnings less proprietor's income, includes salaries, wages & benefits)							
Virginia	\$32,419	\$34,736	\$34,515	\$35,360	9.1%	3.6%	10.2%
National	\$1,464,247	\$1,514,036	\$1,542,654	\$1,574,337	7.5%	8.1%	8.5%
Health Care & Social Assistance Compensation per Employee (HWDC Estimate)							
Virginia	\$72,694	\$78,099	\$75,730	\$75,978	4.5%	-5.4%	1.3%
National	\$79,924	\$81,403	\$81,865	\$82,604	3.4%	3.0%	3.7%

Health Care & Social Assistance Earnings

Figure 1: Quarterly Change in Total Earnings from Virginia’s Health Care & Social Assistance Sector. Includes Proprietor’s Income, Salaries and Wages, and Benefits.



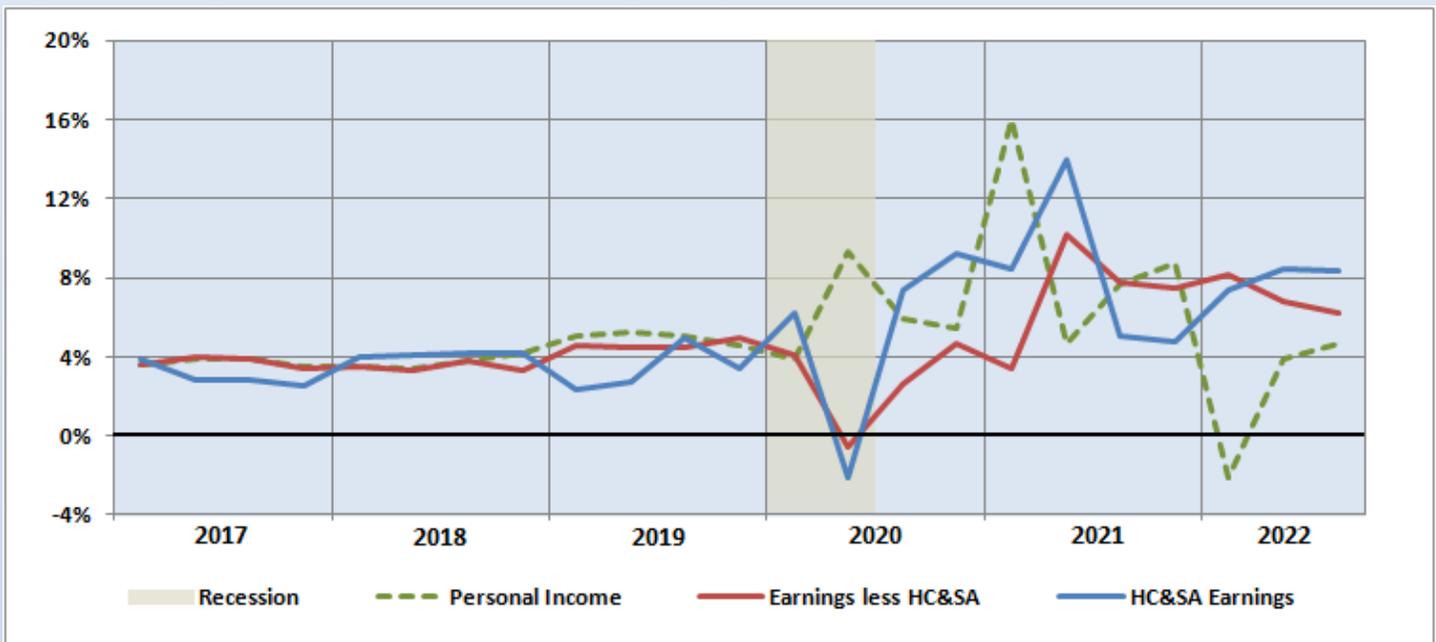
According to the preliminary data released on Friday, December 23, 2022 by the U.S. Bureau of Economic Analysis, total earnings in Virginia’s Health Care & Social Assistance (HC&SA) sector increased by \$894 million to \$38.0 billion in Q3 2022. This quarterly gain in Virginia’s total HC&SA earnings represents a 10.0% annualized growth rate. With this gain, Virginia’s HC&SA sector increased total earnings at a rate that exceeded the overall national average during the quarter. In Q3 2022, the national HC&SA sector increased total earnings at an 8.4% annualized rate.

Thanks to this gain, total earnings in Virginia’s HC&SA sector have rebounded strongly after having declined for the first time in one year in Q2 2022. In fact, this recovery was strong enough that last quarter’s loss did little to hinder the long-term growth of Virginia’s total HC&SA earnings, which have increased by 8.0% over the past 12 months.

Virginia HC&SA Earnings Growth Rate

Despite a large gain in Q3 2022, total earnings in Virginia’s HC&SA sector actually experienced a modest decline to its four-quarter growth rate moving average, which fell from 8.42% to 8.32% during the quarter. Regardless, Virginia’s total HC&SA earnings still retain a four-quarter growth rate moving average that exceeds the comparable moving averages for both the state’s non-HC&SA earnings and personal income. In fact, Virginia’s non-HC&SA earnings experienced a slightly larger decline to its own four-quarter growth rate moving average from 6.83% to 6.24%, thereby falling to its lowest level since Q1 2021. On the other hand, the four-quarter growth rate moving average of Virginia’s personal income continued its impressive recovery. After increasing from -2.10% to 3.90% in Q2 2022, the four-quarter growth rate moving average of Virginia’s personal income rose even further to 4.72% in Q3 2022.

Figure 2: Earnings Growth Rate, 4-Quarter Moving Average (Annualized)



Virginia HC&SA Earnings Growth Rate by Earnings Type

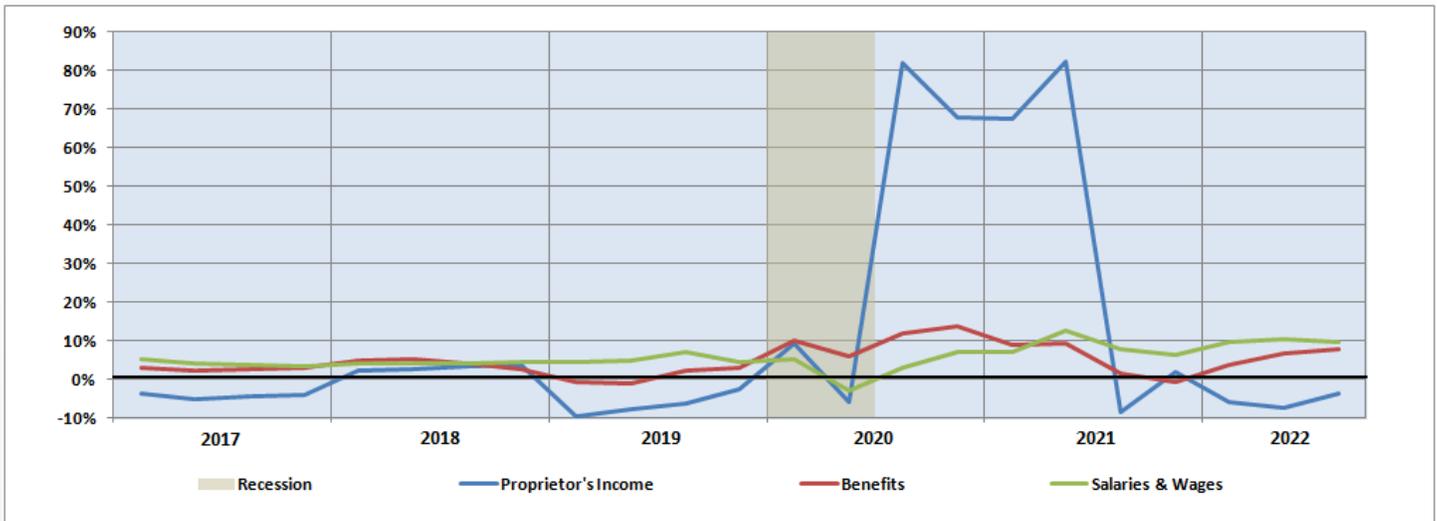


Figure 3: Earnings Growth Rate by Type of Earnings, 4-Quarter Moving Average (Annualized)

Throughout the latter half of 2021 and the first half of 2022, HC&SA employee salaries & wages have been the fastest-growing type of HC&SA earnings in the state as measured by its four-quarter growth rate moving average. This continued to be the case in Q3 2022, although this moving average did fall from 10.56% to 9.77% during the quarter. On the other hand, the other form of HC&SA employee compensation, employee benefits, saw its four-quarter growth rate moving average increase from 6.85% to 7.92%, thereby reaching its highest value in more than one year. Both forms of HC&SA employee compensation continue to enjoy far higher growth rates than HC&SA proprietor’s income, which saw its four-quarter growth rate moving average increase from -7.25% to -3.70% in Q3 2022.

Annual Growth by Earnings Type

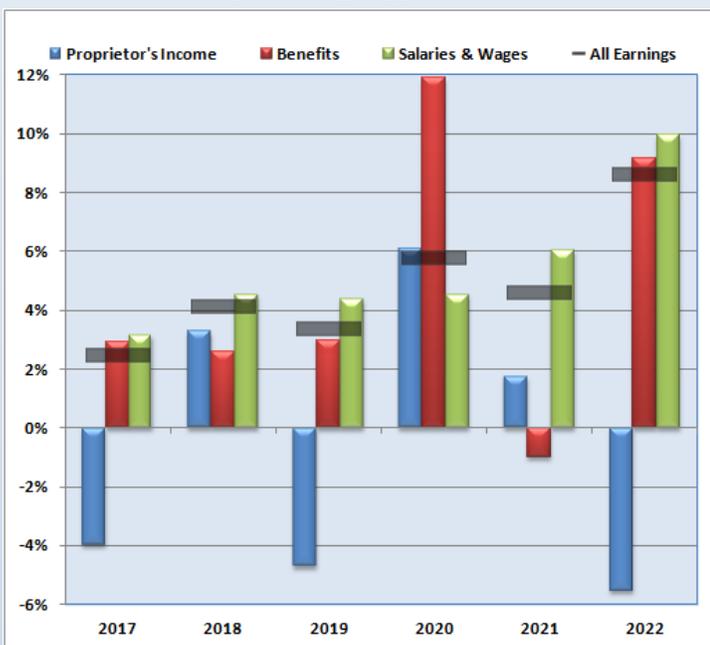


Figure 4: Virginia HC&SA Earnings Growth Rate by Type of Earnings (Annualized)

So far in 2022, total HC&SA earnings in Virginia have grown at an 8.6% annualized rate. At its present pace, this would represent the fastest annual growth rate for total earnings in the state’s HC&SA sector in the past two decades. This impressive growth in Virginia’s total HC&SA earnings has been made possible entirely by gains in both forms of HC&SA employee compensation. HC&SA employee salaries & wages have enjoyed particularly impressive growth so far this year. In 2022, HC&SA employee salaries & wages have grown at a 9.9% annualized rate. HC&SA employee benefits have also experienced very strong growth in 2022. So far this year, HC&SA employee benefits have grown by 9.1% on an annualized basis. However, the growth rate of HC&SA proprietor’s income continues to lag well behind that of both forms of HC&SA employee compensation. In fact, HC&SA proprietor’s income has declined at a 5.5% annualized rate in 2022.

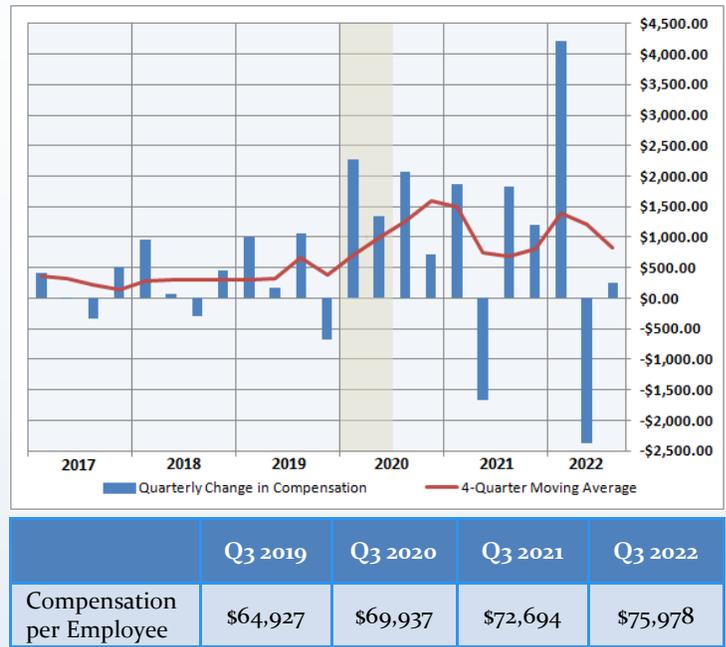
Earnings Type	Level (Millions)	Share
Proprietor's Income	\$2,640	6.9%
Benefits	\$5,841	15.4%
Salaries & Wages	\$29,519	77.7%
Total	\$38,000	100%

HC&SA Compensation per Employee

According to the Healthcare Workforce Data Center’s estimates (see methodology, next page), employees in Virginia’s HC&SA sector earned an average of \$75,978 (annualized) in Q3 2022. Note that this figure includes salaries & wages plus the cost of benefits for employed persons, only. Practitioners in private practice, which includes a large number of the sector’s highly paid professionals, are not included in this figure.

During the first half of 2022, there was considerable volatility in the quarterly change of Virginia’s total HC&SA compensation per employee. In Q1 2022, total compensation per employee in Virginia’s HC&SA sector increased by more than \$4,000, but more than half of this gain was lost in Q2 2022. However, in contrast to the first half of the year, there was very little change in the state’s total HC&SA compensation per employee in Q3 2022. In particular, total HC&SA compensation per employee increased by \$248 during the quarter, which translates into a 1.3% annualized growth rate.

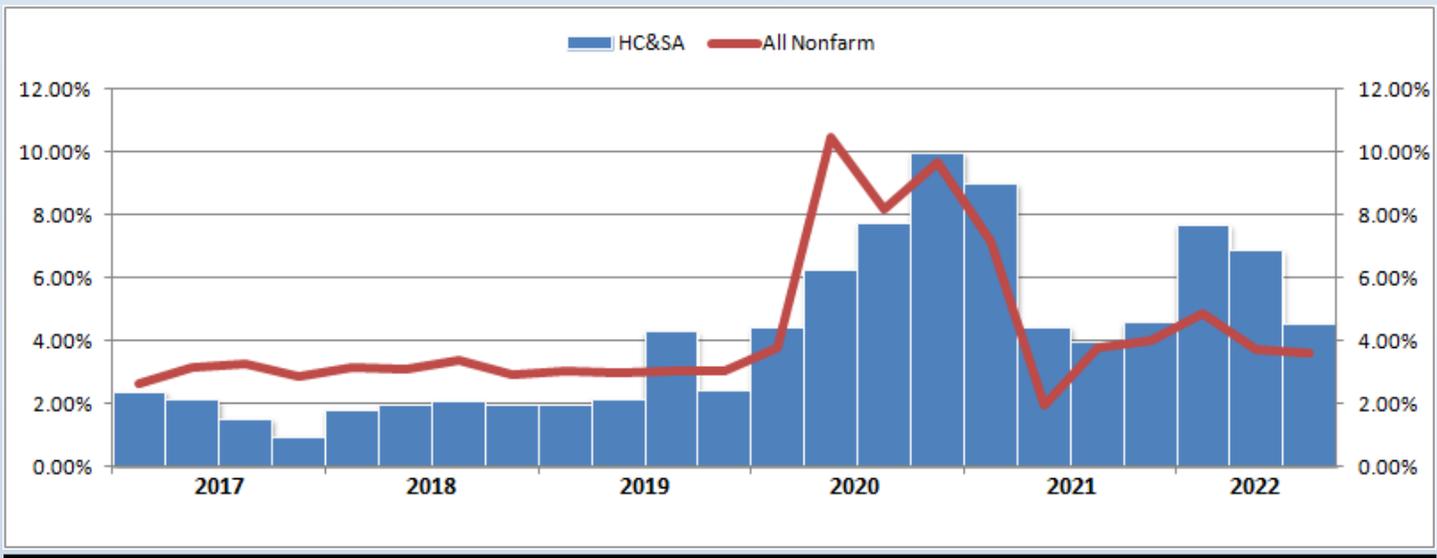
Figure 5: Quarterly Change in Employee Compensation from Virginia’s Health Care & Social Assistance Sector.



Compensation per Employee Growth Rate

Total compensation per employee in Virginia’s HC&SA sector saw its year-over-year growth rate fall from 6.87% to 4.52% in Q3 2022. With this decline, the year-over-year growth rate of Virginia’s total HC&SA compensation per employee has fallen to its lowest level in one year. However, even with this decline, the year-over-year growth rate of total compensation per employee in Virginia’s HC&SA sector remains above the comparable growth rate for the state’s total nonfarm payroll compensation per employee. This trend has persisted for the past two years. As for Virginia’s total nonfarm payroll compensation per employee, its year-over-year growth rate also declined during the quarter. However, the decline in this growth rate, which fell from 3.71% to 3.61% in Q3 2022, was modest relative to the decline in the state’s HC&SA sector.

Figure 6: Year-Over-Year Change in Compensation Per Employee.



Definitions

Economic data in this briefing is from the U.S. Bureau of Economic Analysis' Regional Economic Accounts. In particular, we use the Quarterly State Personal Income Accounts. The definitions provided here are written for a lay audience. More technical definitions and in-depth information on the Regional Economic Accounts are available on the BEA's website: <http://www.bea.gov/regional/about.cfm>.

Personal Income: Income received from all sources, including salaries & wages, benefits, business profits, rents, government payments or retirement and investment funds. Personal income is based on where recipients live.

Earnings: Earned income includes salaries & wages, benefits (aka supplements to wages and salaries) and proprietor's income. Earnings and its components are based on where recipients work.

Proprietor's Income: Income from small businesses (sole proprietorships & partnerships), corporate director's fees and tax-exempt cooperatives. It does NOT include dividends or interest received by non-financial businesses or rental income received by non-real estate businesses.

Compensation: Salaries & wages and benefits.

Benefits: Referred to as "supplements to wages and salaries by the BEA, benefits includes employer contributions to retirement funds, insurance (including health and life) and to government social insurance programs (e.g., unemployment insurance, Social Security, worker's compensation insurance, etc.).

Salaries & Wages: Salaries, wages, commissions, bonuses and tips, before deductions, based on when payments are disbursed. The value of stock options are also included at the time the options are exercised.

Method of Estimating Compensation per Employee

The HWDC derives estimates of compensation per employee from two sources: 1) U.S. Bureau of Economic Analysis' Regional Economic Accounts (REA), and, 2) the Current Establishment Survey (CES) administered jointly by the U.S. Bureau of Labor Statistics and the U.S. Census Bureau. These sources use different methodologies and different definitions. Although more vigorous estimates of employment are available, the HWDC uses these sources to provide the most timely indication of current trends possible at the state-industry level. The HWDC estimates are early indicators only.

To make the two data sources more comparable, the HWDC makes the following transformations:

CES: To obtain quarterly estimates of employment, monthly figures are averaged for the quarter. For nonfarm employment, we remove the latest available estimate of logging employment from the Quarterly Census of Employment and Wages, rounded to the nearest hundred, from nonfarm totals in the CES prior to averaging.

REA: From nonfarm compensation (or its components), we remove military earnings, agriculture, fishing and forestry earnings and an estimate of earnings from households. For household earnings estimates, we use the REA's Annual State Personal Income and Employment tables to develop current estimates of the proportion of "Other services, except public administration" compensation from employment in private households. We use the most recent data available for the current quarter. We apply this proportion to the current quarterly estimate of "Other services, except public administration".

Despite these transformations, the figures are not wholly comparable. The BEA makes additional adjustments to BLS data when creating its own, annual estimates of employment. Historical indicators are not adjusted by the HWDC, however adjustments made to REA or CES series are incorporated into historical data. For more information on employment data and the REA, see the BEA's *State Personal Income and Employment Methodology*, pages XI-1 to XI-11 & Table K.

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The Department of Health Professions' Healthcare Workforce Data Center works to improve the data collection and measurement of Virginia's healthcare workforce through regular assessment of workforce supply and demand issues among the 80 professions and 350,000 practitioners licensed in Virginia by the DHP.

The HWDC collects data on Virginia's licensed health professionals through surveys completed during the online license renewal and application process. Survey results and data may be accessed on our website: [www.dhp.virginia.gov/
PublicResources/HealthcareWorkforceDataCenter/](http://www.dhp.virginia.gov/PublicResources/HealthcareWorkforceDataCenter/).

The HWDC also provides a series of Virginia Healthcare Workforce Briefs based on data collected by the U.S. Department of Labor's Bureau of Labor Statistics and the U.S. Department of Commerce's Bureau of Economic Analysis.

Virginia Healthcare Workforce Briefs:

Series 1: State & National Employment (Monthly)

Series 2: Virginia Regional & Sectoral Employment (Monthly)

Series 3: Income & Compensation (Quarterly)

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About the Data

Data used in creating this report is from the U.S. Department of Commerce, Bureau of Economic Analysis' Regional Economic Accounts. Unless otherwise noted, data is seasonally adjusted and annualized, and quarterly presentations are based on the calendar year. Data from recent quarters is preliminary and subject to revision in future releases from the BEA. Revisions will be reported in future editions of this series.
